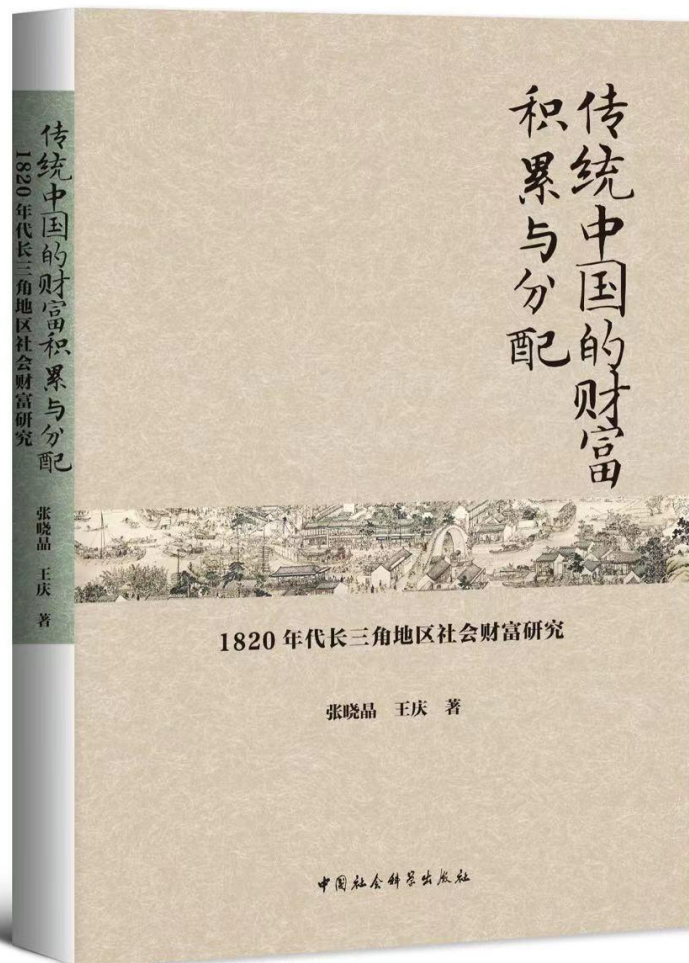


Wealth Accumulation and Distribution in Traditional China

On the Social Wealth of the Yangzi Delta in the 1820s

by ZHANG Xiaojing and WANG Qing



Executive Summary

This book is the first quantitative study on the social wealth in traditional China.^① Based on Prof. Bozhong Li's recent work^②, it provides the first systematical estimation for the aggregated wealth by types of assets as well as institutional sectors in Huating-Lou area in the 1820s.

Geographically, the Huating-Lou area roughly corresponds with modern Songjiang Country in Shanghai. Shanghai is the leading part of the Yangzi Delta which was known as the most economically advanced area of China in the past millennium and now the most important economic growth pole in China. Historically, the Huating-Lou area was not only an important textile industry center but also one of the most industrial and “early modernized” regions in the mid-Qing Dynasty. Its special status and data abundance jointly determine that it is the most worthy (although not necessarily the most representative) object for the wealth study in traditional China.

Meanwhile, the period was chosen because China's independent development process was interrupted by the first Opium War in 1840. Therefore, the 1820s, right before 1840, can be regarded as the coming end of China's long traditional society.

Major findings

Based on an analysis of social wealth in the Huating-Lou Area (see Table 1) and comparing data of various countries in the same period of time, we found that wealth accumulation in the Yangzi Delta region was insufficient due to a high level of social consumption. Second, housing wealth as a share of social wealth exceeded the share of land, which indicates an early-stage modernity of the region's economy, while the share of industrial and commercial wealth was low. Third, public wealth accounted for a modest share, and few resources were under direct government control. Fourth, limited wealth gap in the household sector indicates relatively fair wealth distribution.

^① This book is written in Chinese and will be published by China Social Sciences Press in April 2022.

^② Our estimates and research are based on Prof. Bozhong Li's monograph “An Early Modern Economy in China: the Yangzi Delta in the 1820s” (Cambridge University Press, 2020). As a representative figure of the California School, Prof. Li has outstanding achievements in the research of social and economic history in China's Jiangnan region (lands immediately to the south of the lower reaches of the Yangtze River). His monograph is also regarded as the most systematic and authoritative modern quantitative study on China's traditional regional economy.

Table 1: Social Wealth of the Huating-Lou Area (1820s) (in 10,000 taels of silver)

No.	Type	Household sector		Public sector		Total	Share
		Countryside	City	Government	Other		
1	Agricultural land	1,089.65	2.64	2.08	52.22	1,146.59	26.50%
2	Structures	-	-	-	-	-	-
	1) Dwellings	675.93	701.19	0	4.80	1,381.92	31.94%
	2) Others	38.34	232.43	108.81	55.21	431.79	9.98%
3	Equipment	149.14	35.73	12.08	2.37	199.32	4.61%
4	Inventories	8.48	355.63	1.86	2.64	368.61	8.52%
5	Livestock	112.74	2.40	0.61	0	115.75	2.68%
6	Consumer Durables	245.87	115.92	0	0	361.79	8.36%
7	Slaves	4.35	6.62	0	0	10.97	0.25%
8	Money Metals	186	114	10	0	310	7.16%
	Total	2,510.50	1,566.56	135.44	114.24	4,326.74	100.00%

Note: Based on Piketty and Zucman (2014) in asset categorization.

Wealth accumulation: First, aggregate social wealth in the Huating-Lou Area stood at 43.30 million taels in the 1820s with per capita wealth of about 77.32 taels, which was equivalent to the wage income of a long-term farm laborer for 1.84 years. Second, housing made up the largest share of assets, followed by land, suggesting that land and housing properties were the two most important forms of wealth in traditional China. Third, the social wealth-to-income ratio of the Huating-Lou Area was somewhere between 2.91 and 3.21, which was similar to those of the US and Sweden but far eclipsed by those of northwestern European countries like the UK, France and the Netherlands during the same period of time. This result shows a limited level of wealth accumulation in the Yangzi Delta region and relatively fair wealth distribution.

Social wealth distribution: First, wealth distribution between public and private sectors: In the 1820s, China's household sector held assets worth some 40.77 million taels, or 94.23% of total social wealth, which was 16 times higher than those in the public sector worth 2.50 million taels, or 5.77%. That is to say, the household sector made up the lion's share of wealth distribution in China. Meanwhile, assets directly controlled by Huating-Lou's local governments were worth some 1,354,400 taels, or a mere 3.13% of aggregate social wealth. That is to say, Huating-Lou had a typical "small government" or "limited government".

Second, wealth distribution between urban and rural areas: The wealth of Huating-Lou's rural households exceeded 25 million taels or some of 330 taels per household, which were not much higher than the total wealth of urban households worth some 15 million taels, or an average of 320 taels per household. Despite an increasing urbanization rate, urban and rural development was relatively balanced in

the Yangzi Delta region.

Third, wealth distribution within the household sector, i.e. wealth distribution in the narrow sense: It is estimated that the top 10% richest families in Huating-Lou held 53.55% of wealth in the household sector, or an average of 1,740 taels on average per household; the 80% middle-income households had 44.07% of social wealth, or an average of 180 taels per household; the 10% poorest households had only 2.39% of wealth, or an average of 78 taels per household. The average wealth of rich households was ten times that of middle-income households or more than 20 times that of poor households. Comparison with other countries and regions (the top 10% richest people in Europe accounted for over 80% of private wealth) reveals that wealth gaps in the Yangzi Delta were not too “bad” after all. With public goods in relatively sufficient supply, the Huating-Lou Area had basically achieved equal access to public services, serving as an example of common prosperity in the pre-industrial era.

In this book, our estimates of social wealth distribution in Huating-Lou are primarily based on: (1) the proportions of rich and poor people; (2) the household wealth of representative households in each wealth class. Among them, the estimated proportions of poor and rich populations in the Huating-Lou Area derive from three sources: First, personal observations recorded in local chronicles and private notes in the Qing dynasty about widespread prosperity and tenant farmers as affluent as those with medium-sized land plots in the Jiangnan region; second, estimates in Prof Li’s monograph that prior to the 1820s, most ordinary farmer households in Huating-Lou (tenant farmers) earned more than they spent, and very few of them went bankrupt. Third, land reform survey conducted on the eve of the founding of the People’s Republic of China in 1949, which included the proportions of property owners in the countryside (including land owners, rich farmers and industrial and commercial property owners). In estimating the property value of households in each wealth class, we collected and analyzed the following information: First, survey on the distribution of land rights from the mid-Qing dynasty to the Republican Period in the Songjiang region; second, property records in the confiscation archives of Qing dynasty officials (as samples for the affluent class); third, sample surveys conducted by John Lossing Buck and South Manchuria Railway Co. (SMR) for farmer households in the rural Songjiang region (as samples for the medium and poor classes).

Compared with the property tax archives and inheritance records of countries like Britain, France and Sweden during the same period of time, Huating-Lou’s various microscopic information is rather limited. Since we have detailed statistics of critical indicators such as land wealth distribution and representative household assets, our existing data and methodologies generally suffice for our macroscopic research.

Contributions of this book

First, we have estimated the first social wealth table and the first wealth-to-income ratio in traditional China, which have filled a void in the research of historical wealth in China and provide a reference for research of a broader region and longer timeframe. Given China's unique development path (with a larger land area and population compared with countries in northwestern Europe), the inclusion of China's data of a long timeframe will not only enrich research on international historical wealth, but supplement or challenge existing theories.

Second, we have revisited the early-stage modernity of China's Yangzi Delta region from a wealth perspective, captured the historical roots for the region's prosperity (the Yangzi Delta now constitutes a quarter of China's economic aggregate and serves as China's most important growth pole).

Third, research on the Yangzi Delta region, the most prosperous region in China's traditional society, reveals a broader picture of obstacles facing traditional China in its modernization process. They include the ethical concept of wealth that inhibited wealth accumulation, the lack of wealth concentration due to family-country egalitarianist system, wealth inefficiency due to a lack of financial development, among others. These obstacles served as a "dome" as in Stephen King's novel. Although the Yangzi Delta region had achieved the optimum under the dome, it had to break through this ceiling to acquire intrinsic momentum for transition from a premodern to modern economy. Without a doubt, this study has explored a new perspective for the issue of the Great Divergence between the East and the West.

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